



HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

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This Is “Compassion?” Bush Budget Raises Rents for Poorest Americans

Dear Democratic Colleague:

The President’s 2004 budget – the same budget that includes large tax cuts mainly benefitting America’s most fortunate – includes a provision to charge higher rents to the poorest tenants of federally subsidized housing. This may be among the starkest examples of the Administration’s flawed budget priorities.

Under current law, residents of federally subsidized housing generally pay a maximum of 30 percent of their monthly income in rent. Local public housing authorities have the option to charge families with little or no cash income a “minimum rent” of no more than \$50 a month. Housing authorities have the flexibility to set minimum rents below \$50 a month, and many of them do so. They also can exempt families from paying the minimum rent in hardship circumstances, including job loss, possibility of eviction, illness, or a death in the family.

All of that would change under the President’s budget. While President Bush repeatedly touts the virtues of state and local control and flexibility, his rent provision undermines these principles at the expense of families on the bottom rungs of the economic ladder. The President’s budget forces local housing authorities to increase the minimum rents they charge the lowest-income able-bodied tenants of assisted housing to “at least” \$50 a month, without regard to the tenants’ ability to pay. Under the President’s plan, local housing authorities can even charge more than \$50, undermining the decades-old standard that limits rental payments to no more than 30 percent of income. The President’s plan removes local flexibility to create hardship exemptions. Instead, his plan puts the burden on families that cannot afford the new minimum rent to appeal to the Secretary of Housing and Urban Development for an exemption.

The mission of subsidized housing is simple: to provide safe shelter to people who could not otherwise afford it. The Administration’s proposal undermines this mission and reduces local control in the process. While the Administration argues that this provision “is intended to promote work,” stable housing is in fact an important prerequisite for getting and keeping a job.

At the same time the President proposes to increase rents paid by the poorest tenants, his budget erodes subsidies to local housing authorities for operating costs not covered by rental income. The \$3.6 billion in the budget for operating subsidies represents a freeze at the 2003 enacted level and is \$40 million below the amount needed to maintain purchasing power at the 2002 level.

The new minimum rent requirement looks even worse in the context of the President's overall budget. The budget puts forth policies that will lead to reduced federal funding in the future for Medicaid and Section 8 housing assistance. The budget also reduces funding in future years, in inflation-adjusted terms, for Temporary Assistance for Needy Families and subsidized child care for low-wage workers. The Administration's minimum rent proposal thus appears to be part of a larger pattern of shrinking the traditional federal commitment to a safety net for society's most vulnerable members. The attached editorial from *The New York Times* discusses the rent requirement in the larger context of the budget.

Sincerely,

John M. Spratt, Jr.
Ranking Member

Shelter, as Distinct From Tax Shelter

NYT 2-15-03
There is one impressive quality to President Bush's budgeting plan, with its outsized tax cuts and deficits: His social planners still manage to keep their eye on the sparrow out there, aiming to squeeze a rent rise from some of the poorest Americans who live in public housing. The proposed increase amounts to mere budgetary breakage in comparison with the big numbers for the rolling red ink and the second wave of upper-bracket tax cuts at the heart of the Bush plan. But it is a striking example of the administration's range of priorities: to be further easing the tax burden at the high end while pointedly ratcheting up the revenue for shelter required from the least of us.

Under the proposal, present local options for charging the lowest-income residents zero to \$25 a month rent would be replaced by a mandated minimum of \$50, or higher in some cases. The poor will not be able to seek an exemption from local authorities as they now can when threatened by illness, job loss or eviction. Instead, in an outrageous case of federalization by an administration that preaches the virtues of state control, the poor could seek a hardship exemption only by appealing

to the secretary of housing and urban development.

Thousands of families now paying an average of 30 percent of their income in rent would face the danger of eviction, and local housing authorities who try at all costs to avoid an increase in homelessness could do nothing to help. The housing proposal has the same retrogressive edge as the president's welfare renewal bill approved this week by the Republican House. This requires that welfare mothers work 40 hours a week instead of the present 30, even as available aid shrinks for transportation and child care.

The House bill does have \$300 million for "marriage promotion" and \$50 million to encourage sexual abstinence. This is budgeting theory for the poor rooted in President Bush's recent observation before a conference of religious broadcasters: "Welfare policy will not solve the deepest problems of the spirit."

Of course not, but that is hardly reason to retreat from the problems of the body. We can only hope that the Senate has enough spirit to defeat the welfare renewal bill, as it did last year, and kill this mean-spirited public housing rule.